



Democratic State of the Union Response Center

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REPUBLICANS FAIL TO LOWER THE COST OF HEALTH CARE AS ORDINARY AMERICANS STRUGGLE TO MAKE ENDS MEET

Millions of Americans are never sure if their health care coverage will be there when they need it. Today, one in six Americans has no health insurance, millions more are under-insured, and the number of the uninsured has increased by 2.4 million since the beginning of the Bush Administration. Americans now face the largest increase in health care premiums in a decade – a new middle class tax increase. As Democrats fight to help small businesses pay for health care, Republicans are working to reward the wealthy corporate interests that put them in power.

The number of uninsured has risen to 43.6 million. Every American should be confident that whether they lose their job, change jobs, get sick, or just grow old, they will be able to find affordable, high quality health care. But health insurance premiums rose by 13.9 percent last year – the third year in a row of double digit increases and the largest increase since 1990 – making it harder than ever for workers and their families to afford health insurance coverage. Last year the number of uninsured has increased to 43.6 million – the largest increase in a decade.

Increase in health insurance premiums is a new middle class tax increase. The increase in family health insurance premiums over the past three years is triple the amount of the tax cut going to middle income families over the next four years.

Republican proposals don't make health insurance affordable. Health insurance is expensive. The proposed Republican tax credits are too low to make insurance affordable for the low- and moderate-income families that make up most of the uninsured population in the country. Even after applying the proposed tax credit, a middle income family would still have to spend at least 10 to 15 percent of their income to purchase health insurance – more than they can afford.

Insurance companies can offer high deductible plans with scanty benefits in order to benefit from a new tax credit. Many companies are likely to market policies with high deductibles and scant coverage that fit the size of the credit. Such policies generally would require families to spend several thousand dollars on health care before they receive any reimbursement from the insurance. Most of these families would receive little benefit from these policies, because they would have out-of-pocket medical expenses as high as they do today.

Tax credits force people into the individual insurance market where sick people and older Americans have trouble finding coverage. Health insurance in the non-group market is more expensive than coverage purchased by employers, and premiums skyrocket for the elderly and the sick. Many of the uninsured are not in very good health or are between the ages of 55 and 65, making it impossible for them to find affordable insurance. And because employers will drop or fail to offer coverage, encouraging their employees to take advantage of the new tax credit, employees will end up in the individual market – with less coverage at higher costs.

Democrats want to help small businesses offer health insurance and address the problem of the uninsured. Democrats want to make health insurance more affordable for all Americans, including small business owners and employees, and senior citizens. Democrats support assistance for small businesses to help them provide good health insurance to their workers, measures to reduce prescription drug prices for everyone, and a real prescription drug benefit that allows Medicare to get the best price for seniors.

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